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City ClerkGROUND LEASE

THIS LEASE, made and entered into this 25th day of September, 1978, by and between the CITY OF MINNEAPOLIS, a municipal corporation in Hennepin County, Minnesota (hereinafter, "Lessor"), and MART PLAZA HOTEL, INC., a Minnesota corporation, with its home office at 1200 National City Bank Building, Minneapolis, Minn. (hereinafter, "Tenant"),

W I T N E S S E T H :

WHEREAS, Lessor is the fee owner of that certain parcel of real estate located in the City of Minneapolis bounded on the south by Grant Street, on the west by LaSalle Avenue, on the east by Nicollet Avenue, and on the north by Outlot B, Loring Park Development District, First Addition, and within the City's Development District 51 (Loring Park); and

WHEREAS, Lessor wishes to lease to Tenant the northerly portion of said parcel so that Tenant may construct and operate thereon a full service hotel containing a merchandise mart, exhibition areas, health club, and supportive and associated restaurants, shops and facilities (hereinafter, "the Hotel"), all in furtherance of the Development Plan for said District 51 (which Plan is more specifically described in the Development Agreement, hereinafter described); and

WHEREAS, Lessor is retaining fee ownership of the balance of said parcel (to the southwest of the Tenant's parcel) on which it shall construct a 750-car parking ramp (hereinafter, "the Ramp"), to be operated by Tenant on behalf of Lessor, also in furtherance of said Plan; and

WHEREAS, Lessor wishes also to grant to Tenant the right to use the roof of the Ramp and the air rights over said Ramp in order that Tenant may construct on said roof tennis courts and/or such other facilities as may be deemed appropriate by Tenant, also to be operated by Tenant in conjunction with the Hotel; and

WHEREAS, all of the foregoing is to be accomplished pursuant to the terms of: (i) a Contract for the Lease and Development of Certain Land in Development District No. 51 (hereinafter the "Development Agreement"), which Development Agreement provides for this Lease, and (ii) a Public Parking Facility Management Agreement, of even date herewith, under which Tenant is to operate the Ramp;

NOW, THEREFORE, in consideration of their respective promises herein contained and of other good and valuable consideration, given by each party to the other, the receipt of which each party hereby acknowledges, the parties hereby agree with each other as follows:

ARTICLE I

1.1 Description of Demised Premises. In consideration of the full and timely performance by Tenant of all the terms, conditions and covenants of this Lease by it to be kept and performed, Lessor does hereby: (i) demise and lease to Tenant, and Tenant does hereby hire and take from Lessor, all that certain parcel of land situated in the City of Minneapolis, County of Hennepin, State of Minnesota, which is described on Exhibit A, attached hereto and by this reference incorporated herein, including all air space

rights adhering to said land (hereinafter, "the Hotel Parcel"), and (ii) give, grant and convey to Tenant for the term and any extended term of this Lease the following easements, which easements shall be for the benefit of the Hotel Parcel and appurtenant thereto and included in the purchase option set forth in Paragraph 1.5 hereof:

a. The right to encroach onto Outlot B, Loring Park First Addition, for the piers, foundations, columns and footings of the most northerly wall of the Hotel, for so long as the Hotel shall stand and as the same may be altered, modified or reconstructed from time to time.

b. The exclusive rights (i) to encroach onto the land described on Exhibit B, attached hereto and by this reference incorporated herein (hereinafter, "the Ramp Parcel") for the piers, foundations, columns, and footings of the southwesterly wall of the Hotel (which may be common with or separate from the piers, foundations, columns or footings for the northeasterly wall of the Ramp), and for any other building component or building element of the Hotel which may overhang or encroach onto the Ramp Parcel, from time to time, including without limitation, the flashings, cornices, fascia, mechanical equipment, pipes or drains of the Hotel, for so long as the Hotel shall stand and as the same may be altered, modified or reconstructed from time to time, and (ii) to connect, embed or insert and maintain any said component or element to or into the northeasterly wall of the Ramp, for so long as the Ramp and any alteration, modification or reconstruction

thereof shall stand and the structural integrity thereof is not impaired. The right created in (ii) is not an easement of support in the Ramp for the benefit of the Hotel Parcel.

c. The non-exclusive right, for so long as the Hotel shall stand, as the same may be altered, modified or reconstructed from time to time, for all patrons, customers, guests, employees, agents and business invitees at the Hotel (hereinafter, collectively, "Hotel Guests") and their motor vehicles to use and to pass over, across and upon all driveways which are existing from time to time on the Ramp Parcel, without hindrance, limitation or restriction, in order to have free ingress and egress from, to and between the Hotel, the Ramp, Grant Street and LaSalle Avenue, or the public streets replacing Grant Street and LaSalle Avenue, by whatever name called.

d. The non-exclusive right for Hotel Guests to use and to pass over, across and upon all public hallways, corridors, stairways and stairwells of the Ramp; all public passages between the Ramp and the Hotel; all public elevator lobbies connecting the Ramp and the Hotel; and other public areas as shall be constructed or which are existing from time to time in the Ramp, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, and the right to use all public elevators, escalators or other means provided for elevation to the roof thereof, all without hindrance, limitation or restriction (except as herein provided), in order to have free ingress and egress from, to and between the Hotel, the Ramp and the roof of the Ramp. Nothing in the

subparagraph d. shall limit the right of Lessor to impose such restrictions on pedestrian use of the Ramp public areas as may reasonably be required for safety and for security purposes.

e. The exclusive right for Tenant, its agents and employees to enter upon the Ramp, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, and onto the Ramp Parcel without hindrance, limitation or restriction, except as herein provided, when necessary in order to maintain, repair, alter, reconstruct or modify (i) any building component or building element of the Hotel (as the same may be altered, modified or reconstructed from time to time) including, without limitation, its structural parts, its elevators, and its foundations, and (ii) any tennis or other facility located on the roof of the Ramp (as the same may be altered, modified or reconstructed from time to time). The right set forth in this subparagraph e. does not include the right to park or store motor vehicles, without charge, except as needed for said maintenance, repair, alteration, reconstruction or modification. Any said entry upon the Ramp or Ramp Parcel shall be in a manner which does no damage or injury to the Ramp and does not unreasonably interfere with business at the Ramp or with Ramp Customers (as hereinafter defined), and each entry, except for an emergency situation, shall be only upon thirty (30) days' prior notice, or more.

f. The exclusive rights, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, (i) to use the roof of

the Ramp and the air space over the Ramp to construct and maintain thereon tennis courts and/or other facilities, and (ii) to insert or embed into said roof and the Ramp and to maintain thereon or therein such anchors and other construction elements and fixtures as may be required for said tennis courts or facilities, including, without limitation, protective fencing, anchors for the surface of said tennis courts, canopies, awnings, other enclosures, mechanical and utility systems and equipment, lights, pipes and drains, so long as the structural integrity of the Ramp is not impaired. Lessor shall construct the Ramp with a flat roof in order to accommodate said tennis courts or facilities.

g. The exclusive right to connect, embed or insert and maintain any tie, connection or other Hotel building component or building element into the elevated walkway structure over LaSalle Avenue, which structure shall abut the Hotel at approximately Outlot C, Loring Park Development First Addition, so long as the structural integrity of said walkway is not impaired. The parties shall execute said further easement or cross-easement agreements and other instruments as may be reasonably required to carry out the parties' intention that said walkway shall connect with a lobby entrance to the Hotel.

The Hotel Parcel, all buildings, structures and other improvements to be constructed, erected and made thereon shall be referred to in this Lease as "said demised premises", and the easements set forth in subparagraphs a. through g. of this Paragraph shall be appurtenant to said demised premises and Tenant's leasehold interest therein.

1.2 It is possible, due to the need to describe the Hotel and Ramp Parcels for the purpose of said Development Agreement and this Lease, and before completion of the plans and specifications for the Hotel and the Ramp, that the Hotel, upon completion of construction thereof, may encroach upon the Ramp Parcel to an extent greater than contemplated by subparagraph b. of Paragraph 1.1 hereof; and Lessor hereby consents to such encroachment. In such event, Tenant shall provide Lessor with an accurate, certified survey showing the improvements, as constructed, and setting forth proposed revisions of the description on Exhibits A and B, which revised description for Exhibit A shall be of the land on which the Hotel is situated (without regard to the encroachments contemplated by subparagraphs a. and b. of Paragraph 1.1 hereof) and which revised description for Exhibit B shall be the land on which the Ramp is situated. In the event Lessor shall consent to said revised descriptions, which consent shall not be unreasonably withheld, this Lease shall be amended, in recordable form, by the parties and, following such amendment, said revised descriptions shall describe the Hotel and Ramp Parcels.

1.3 Term. Tenant shall have and hold said demised premises for a term of fifty (50) years, commencing on the day and year first above written and extending to and including September 24, 2028.

1.4 Options to Renew. So long as Tenant is not in default hereunder beyond any period provided for the cure of such default, and so long as this Lease has not been rightfully terminated by Lessor, Tenant shall have the absolute first right and option, and Lessor does hereby grant the

same to Tenant, to extend the term of this Lease for ten (10) additional years, extending until and including the last day of the tenth (10th) year following the expiration date of the initial term of this Lease, upon all of the same terms, conditions and covenants herein contained. To exercise the foregoing option, Tenant shall, not earlier than two (2) years prior to the expiration date of the initial term of this Lease and not later than the last day of the eighteenth (18th) month prior to said expiration date, give notice to Lessor of its election to exercise said option. On the condition that Tenant shall have exercised its said first right and option, and so long as Tenant is not in default hereunder beyond any period provided for the cure of such default, Tenant shall have the absolute second right and option, and Lessor does hereby grant the same to Tenant, to extend the term of this Lease for ten (10) additional years, extending until and including the last day of the tenth (10th) year following the expiration of the first (1st) extended lease term, upon all of the same terms, conditions and covenants herein contained. To exercise its said second right and option, Tenant shall, not earlier than two (2) years prior to the expiration date of said first (1st) extended lease term and not later than the last day of the eighteenth (18th) month prior to said expiration date, given notice to Lessor of its election to exercise said second (2nd) right and option.

1.5 Option to Purchase.

a. So long as Tenant is not in default hereunder beyond any period provided for the cure of such default, and so long as this Lease has not expired or been rightfully terminated by Lessor, Tenant shall have

the exclusive right and option, and Lessor does hereby grant to Tenant, for its benefit and for the benefit of its successors and assigns (including the holder of any mortgage on this Lease, should it become Tenant hereunder without foreclosing the fee title to the Hotel Parcel), the exclusive right and option to purchase all of the Hotel Parcel (i.e., the land described on Exhibit A), but not less than all thereof, and the appurtenant easements set forth in subparagraphs a. through g. of Paragraph 1.1 hereof. To exercise said right and option, Tenant shall give Lessor notice of such exercise as hereinafter provided, and the purchase and sale shall be on the terms and conditions set forth in this Paragraph 1.5. Tenant shall have no right to exercise said right and option prior to the time it is entitled to a certificate of completion, as described in Paragraph 5.2 hereof.

b. In the event Tenant wishes to exercise said right and option, it shall give notice to Lessor of said election. Said notice shall set forth a proposed closing date (which shall be a date not later than the last day permitted for closing hereunder). Said proposed closing date shall be the date of closing, unless the parties shall mutually agree to a different date.

c. The closing of the purchase shall take place not later than the last day of the sixth (6th) month following the giving of said notice, unless the parties shall agree to a later date, or unless the period within which closing may take place shall be extended in accordance herewith. Closing shall take place at the office of the Minneapolis City Attorney, or at such other place upon which the parties mutually agree. This Lease shall continue in full force and effect until closing shall occur, upon all the terms,

conditions and covenants herein contained (including the right and option set forth in this Paragraph 1.5). Provided that, in the event no closing shall take place within said six (6) month period or any extended period because of the failure of the City to perform, this Lease shall continue, as aforesaid, and the purchase price shall remain that price which relates to the date said right and option was originally exercised, whenever closing shall occur. In the event no closing shall take place within said six (6) month period or any extended period because of the failure of Tenant to perform, this Lease shall continue, as aforesaid, and Tenant shall, if it wishes to re-exercise its said right and option, give Lessor notice thereof, and the purchase price shall be determined by reference to the date and time of the giving of said notice of re-exercise. Tenant shall have the right not to close in the event the purchase price determined in accordance herewith is not acceptable to Tenant, or for any reason; and in the event Tenant elects not to close, this Lease shall continue, as aforesaid.

Upon the date of closing, Lessor shall deliver to Tenant (i) an abstract of title and/or an Owner's Duplicate Certificate of Title evidencing marketable title to the Hotel Parcel and to the land subject to the easements which are appurtenant to said demised premises, and (ii) an executed quit claim deed conveying the Hotel Parcel and all improvements thereon, together with the easements set forth in subparagraphs a. through g. of Paragraph 1.1 hereof, as easements for the benefit of and appurtenant to the Hotel Parcel, and subject to the rights set forth in

subparagraphs a. through d. of Paragraph 1.8 hereof, as easements for the benefit of the Ramp Parcel; and Tenant shall deliver to Lessor cash or certified funds in the full amount of the purchase price. At Lessor's election, said deed may contain an accurate legal description(s) of the driveway or driveways then existing on the Ramp Parcel, to be supplied by Lessor, at its expense, and accompanied by a certified print of survey showing said driveway or driveways; and, if Lessor so elects, the appurtenant easement set forth in subparagraph c. of Paragraph 1.1 hereof shall be only for the driveway or driveways so described. At Tenant's election, said deed may contain an accurate legal description(s) of the driveway or driveways then existing on the Hotel Parcel, to be supplied by Tenant, at its expense, and accompanied by a certified print of survey showing said driveway or driveways; and, if Tenant so elects, the right for the driveways set forth in subparagraph b. of Paragraph 1.8 hereof shall be only for the driveway or driveways so described.

Upon delivery of said deed and said funds, this Lease shall terminate, but said termination shall not affect the continuing obligations of the parties under said Public Parking Facility Management Agreement. In the event Lessor cannot convey marketable title on the date of closing, the time for closing shall be extended until such title can be conveyed; provided, however, no lien or encumbrance on title caused or suffered by Tenant shall have to be cured by Lessor.

d. In the event said right and option is exercised by notice given not later than Midnight on the

last day of the fifth (5th) year following the issuance of a certificate of completion, described in Paragraph 5.2 hereof, the purchase price shall be the sum of \$500,000.00. In the event said right and option is exercised by notice given after said time and date, the purchase price shall be determined as follows:

The said notice of the election to exercise shall set forth the name of an appraiser who qualifies pursuant to the terms hereof, and give his address. Within thirty (30) days following the receipt of said notice, Lessor shall, by notice to Tenant, appoint a second appraiser (and give his address) who must also so qualify and, in the event it fails to do so, the appraiser named by Lessor shall be the sole appraiser, and he alone shall make the appraisal hereinafter described. Within five (5) days after appointment of the second appraiser, said two appraisers shall appoint a third qualified appraiser and, in the event that they fail to do so within said limited period, then either Lessor or Tenant, on notice to the other, may apply to the Chief Judge of the Hennepin County District Court for the appointment of a third qualified appraiser.

As promptly as shall be practical following the appointment of said third appraiser, the parties shall direct said three appraisers to establish, by majority vote and in accordance with the instructions herein, the purchase price to be paid for the Hotel Parcel (exclusive of improvements); and the parties shall direct said appraisers to notify the parties in writing of the purchase

price established, promptly after making said appraisal. After said appraisal by said appraisers, Tenant shall pay a purchase price for the Hotel Parcel equal to the purchase price so established. In the event of said appraisal, the time for closing shall be extended until the thirtieth (30th) day after receipt by Tenant of said notice from said appraisers, setting forth the purchase price established.

In any said appraisal, the appraisers shall be instructed to meet in the City of Minneapolis to establish the purchase price, which purchase price shall be the fair market value of the Lessor's interest in the land which is the Hotel Parcel, subject to this Lease and exclusive of improvements and the fair market value of the appurtenant easements. The appraisers shall notify the parties of the time and place of their meetings; and each party shall have the right to introduce evidence before said appraisers. In any said appraisal, all appraisers shall be qualified, independent fee appraisers; and Lessor and Tenant shall each promptly pay the full fees and charges of the appraiser appointed by it and one-half (1/2) of the fees and charges of the third appraiser. The appraisal made by said appraisers, or the majority of them, shall be conclusively binding upon the parties.

1.6 Covenant for Quiet Enjoyment. Lessor hereby covenants and agrees that Tenant shall and will, upon paying the rent and other amounts herein provided to be paid by Tenant,

and upon fully observing and performing the terms, conditions and covenants herein provided to be observed and performed by Tenant, quietly and peaceably hold and enjoy said demised premises for and during said term and any extension thereof, unless this Lease be sooner terminated under and in accordance with any of the provisions herein contained providing for such termination.

1.7 No Merger. In the event Tenant shall exercise its said purchase option and become the fee owner of the Hotel Parcel, or in the event Tenant or any other person shall hold both fee title to the Hotel Parcel and the Tenant's interest under this Lease, the said fee title and the said leasehold interest shall not merge, but shall remain separate and distinct, and no such common holding of said fee title and the said leasehold interest shall terminate, modify, limit or impair any mortgage on this Lease or on Tenant's leasehold interest.

1.8 Lessor's Reserved Rights. Lessor hereby reserves the following rights for the benefit of the Ramp Parcel:

a. The exclusive rights (i) to encroach unto the Hotel Parcel for the piers, foundations, columns, and footings of the northeasterly wall of the Ramp (which may be common with or separate from the piers, foundations, columns or footings for the southwesterly wall of the Hotel), and for any other building component or building element of the Ramp which may overhang or encroach unto the Hotel Parcel, from time to time, including without limitation, the flashings, cornices, fascia, mechanical equipment, pipes or drains of the Ramp, for so long as the Ramp shall stand and as the

same may be altered, modified or reconstructed from time to time, and (ii) to connect, embed or insert and maintain any said component or element to or into the southwesterly wall of the Hotel, but not higher on said wall than the roof level of the Ramp, for so long as the Hotel and any alteration, modification or reconstruction thereof shall stand and the structural integrity thereof is not impaired. The right created in (ii) is not an easement of support in the Hotel for the benefit of the Ramp.

b. The non-exclusive right, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, for all customers, employees, agents and business invitees at the Ramp (hereinafter, collectively, "Ramp Customers") and their motor vehicles to use and to pass over, across and upon all driveways which are existing from time to time on the Hotel Parcel, without hindrance, limitation or restriction, in order to have free ingress to the Ramp from Nicollet Avenue, or the public street replacing Nicollet Avenue, by whatever name called.

c. The non-exclusive right for Ramp Customers to use and to pass over, across and upon all public hallways, corridors, stairways and stairwells of the Hotel; all public passages between the Ramp and the Hotel; all public elevator lobbies connecting the Ramp and the Hotel; and other public areas as shall be constructed or which are existing from time to time in the Hotel, for so long as the Hotel shall stand, as the same may be altered, modified or reconstructed from time to time, and the right to use all public elevators and escalators therein, all without hindrance, limitation

or restriction, except as herein provided, in order to have free ingress and egress from, to and between the Hotel and the Ramp. Nothing in this subparagraph c. shall limit the right of Tenant to impose said restrictions on use of the Hotel public areas as may reasonably be required for safety and for security purposes.

d. The exclusive right for Lessor, its agents and employees to enter upon the Hotel, for so long as the Hotel shall stand, as the same may be altered, modified or reconstructed from time to time, and onto the Hotel Parcel without hindrance, limitation or restriction, except as herein provided, when necessary in order to maintain, repair, alter, reconstruct or modify any building component or building element of the Ramp (as the same may be altered, modified or reconstructed from time to time) including, without limitation, its structural parts, its elevators and its foundations. Any such entry upon the Hotel or Hotel Parcel shall be in a manner which does no damage or injury to the Hotel and does not unreasonably interfere with business at the Hotel or with Hotel Guests (as hereinbefore defined) and each entry, except for an emergency situation, shall be only upon thirty (30) days' prior notice, or more.

1.9 Maintenance and Other Obligations of Lessor and Tenant. Notwithstanding the easements set forth in subparagraphs a. through g. of Paragraph 1.1 hereof and the reciprocal reserved rights set forth in subparagraphs a. through d. of Paragraph 1.8 hereof: (i) Tenant shall, at its expense, maintain all building components and building elements of the Hotel and Lessor shall, at its expense

(subject to the provisions of the Public Parking Facility Management Agreement) maintain all building components and building elements of the Ramp; (ii) Tenant shall at its expense maintain all driveways, public areas, elevators and escalators existing on the Hotel Parcel and Lessor shall, at its expense (subject to said provisions) maintain all driveways, public areas, elevators and escalators existing on the Hotel Parcel; (iii) Tenant shall maintain, at its expense, all tennis and/or other facilities on the roof of the Ramp. As used herein, maintain shall mean the obligation to provide all structural and non-structural maintenance and repair, custodial care and supervision, and to keep in force the insurance coverages or self-insurance required herein, or in the Public Parking Facility Management Agreement.

ARTICLE II

2.1 Rent Formula. As rent hereunder, Tenant shall pay to Lessor, in the manner and at the times hereinafter provided, a sum equal to twenty percent (20%) of the amount, if any, by which the Annual Net Operating Income of the Hotel exceeds One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00). As used herein, Annual Net Operating Income of the Hotel shall mean the gross receipts received from the operation of the Hotel (including the merchandise mart, exhibition areas, health club and associated restaurants, shops and facilities) and from the operation of facilities on the roof of the Ramp during each fiscal year of Tenant, reduced by: (i) all operating expenses of the Hotel (including the merchandise mart, exhibition areas, health club and associated restaurants, shops and facilities)

and of facilities on the roof of the Ramp and all insurance premiums and reserves for furniture, fixtures and equipment paid or accrued during said year in accordance with generally accepted accounting practices; (ii) all sales and excise taxes, including, without limitation, all taxes imposed on the sale of food, beverages, tobacco and other items and services, taxes imposed on the rental of rooms or other facilities, and all entertainment or admission taxes, and all taxes collected and remitted to any public authority; (iii) all real estate taxes, ad valorem taxes and special assessments (including interest) paid or accrued during said year pursuant to Paragraph 3.1 hereof; and (iv) all interest and principal paid or accrued during said year on any debt or debts which are at any time and from time to time secured by a mortgage, deed of trust or similar security instrument, encumbering the Hotel or this Lease, or encumbering the furniture, fixtures or equipment therein and thereon, whether such mortgage, deed of trust or similar security instrument be a first or subsequent, junior lien. (Any said mortgage, deed of trust or similar security instrument encumbering the Hotel or this Lease [but not encumbering only said furniture, fixtures or equipment] is referred to herein as a mortgage on this Lease or, synonymously, a mortgage on Tenant's leasehold interest, and the mortgagee, beneficiary or secured party is referred to herein as the holder of a mortgage on this Lease or Tenant's leasehold interest hereunder.) Provided, however, in no event shall item (iv), which is the annual reduction for payments of debt principal and interest, be an amount less than the highest annual amount of principal and interest paid or payable during any one of the three (3) full fiscal years of Tenant commencing after the opening of the Hotel

on any loan or loans secured by any said first and/or subsequent lien or liens. As used herein, operating expenses of the Hotel shall include each and every amount paid or accrued for operating and maintaining the Hotel and the facilities on the roof of the Ramp, including, without limitation, all management and concession fees and commissions and all management incentive fees paid by Tenant. Annual Net Operating Income shall be determined before reduction for any Federal, State or municipal income tax, or gross receipts or other tax in lieu of income tax.

2.2 Rent Payment. Tenant shall pay said rent to Lessor annually. The annual period for rent payment shall be the fiscal year of Tenant, as in effect from time to time. Said annual rent shall be paid not later than the one hundred twentieth (120th) day following the end of each said fiscal year. In the event of any change in said fiscal year, or in the event the term of this Lease shall terminate during any said fiscal year, because of an exercise of the purchase option, or otherwise, an appropriate, ratable adjustment shall be made in the calculation of rent for the period or periods which is or are less than a full fiscal year.

2.3 Audit and Records. For the purpose of permitting verification of rent due to Lessor, Tenant shall keep true and accurate books, records and accounts which shall disclose all information required to determine rent hereunder including, without limitation, all records kept in the ordinary course of business by Tenant and related to the Hotel. Tenant shall keep and preserve said books, accounts and records for a period of at least thirty-six (36) months

following the end of each fiscal year for which rent is payable. Not later than the one hundred twentieth (120th) day following the end of each said fiscal year, Tenant shall deliver to Lessor a statement of income and expense of the Hotel during said fiscal year, certified as correct by an independent certified public accountant. Lessor shall have the right at any time during normal business hours, upon ten (10) days' prior notice to Tenant, at Lessor's expense: to examine and/or audit all said books, records and accounts and to examine Tenant's income tax returns prepared in the ordinary course of business and Tenant's statements of financial condition, so prepared, all in a manner which does not unreasonably interfere with the business of the Hotel.

ARTICLE III

3.1 Tenant to Pay Taxes. As further consideration for this Lease, Tenant shall pay all real estate and ad valorem taxes as are levied, assessed or imposed upon the Hotel (and, if imposed, upon any appurtenant easement or upon Tenant's use of the roof of the Ramp), including all installments of special assessments, together with interest thereon, payable in the year following the year in which this Lease is executed.

3.2 Time of Payment of Taxes and Receipts. Tenant shall pay all said taxes and assessments in each and every instance as the same become payable and before any fine, penalty or interest under the laws from time to time in force may be added thereto for nonpayment thereof, excepting only interest on deferred installments of special assessments, and excepting payments which are delayed pursuant to

the next following paragraph hereof. The holder of any mortgage on this Lease shall have no personal liability for any said tax or assessment until and unless said holder shall become Tenant hereunder.

3.3 Tenant May Contest Taxes. Tenant shall not be required to pay any said tax or assessment for so long as Tenant shall in good faith contest the same or the validity thereof by appropriate legal or administrative proceedings, and provided Tenant shall make the payments or partial payments (but in no event less than the taxes paid in the immediately preceding year) of any said tax or assessment required in order to pursue any said legal or administrative proceeding. Tenant shall pay any said contested tax or assessment when the amount thereof has been finally determined.

3.4 Use. Throughout the term and any extended term of this Lease, Tenant shall use said demised premises only in accordance with the aforesaid Development Plan for District 51. Provided, however, following the closing of the purchase thereof pursuant to the purchase option set forth in Paragraph 1.5 hereof, there shall be no limitation on the use of said demised premises (other than such limitations as are imposed by the zoning laws of the City of Minneapolis).

ARTICLE IV

4.1 Title Insurance and Site Improvements by Lessor. Commencing promptly after execution hereof, Lessor, at its sole cost and expense, shall do each of the following items (unless previously done), all in accordance with said

Development Agreement between Lessor and Tenant:

a. Cure any defect or exception to Lessor's marketable title to said demised premises or to the Ramp Parcel.

b. Complete the removal of any and all above grade buildings, structures and other improvements then existing on the Hotel Parcel, including the removal of slabs and foundations thereof. Lessor is not in any way responsible for removing any subsurface obstructions on the Hotel Parcel. If subsurface obstructions, not to be removed by Lessor, should present themselves in the course of construction by Tenant, then it is the sole responsibility and obligation of Tenant to take the necessary actions and bear necessary expenses to repair and remedy whatever problems are caused by such obstructions.

c. Commence and diligently pursue the construction and installation of: all curbs, curb cuts, gutters, sidewalks, landscaping and other improvements on Grant Street, LaSalle Avenue, said Outlot B, and on Nicollet Mall as shall be necessary to complete the requirements of said Development Agreement not later than the dates set forth therein, and in no event later than the date Tenant is entitled to a certificate of completion, as provided in Paragraph 5.3 hereof.

d. Secure a Lot division of Lot 1, Block 6, Loring Park Development First Addition, as required by said Development Agreement and commence and diligently pursue any subsequent new division required by any change in the legal descriptions of the Hotel and Ramp Parcels, pursuant to Paragraph 1.2 hereof.

4.2 Completion and Coordination of Work. All of the work and utility improvements set forth in subparagraphs b. through d. of the foregoing paragraph shall be undertaken, diligently pursued and completed by Lessor, in coordination with Tenant's construction work on the Hotel and in accordance with said Development Agreement.

ARTICLE V

5.1 Hotel Construction. Commencing not later than the time required in said Development Agreement, Tenant shall commence and diligently pursue to completion the construction of the Hotel, all in accordance with said Development Agreement. The Hotel shall be constructed according to the plans and specifications therefor. In said construction, Tenant shall be bound by and do all of the following:

a. Complete said construction as required and pay for all labor performed and materials furnished, when due and payable.

b. Keep said demised premises free and clear of all liens for labor performed and materials furnished and defend, at its sole cost and expense, each and every lien asserted or filed against said demised premises, and pay each and every judgment made or given against said demised premises, on account of any such lien. Provided, however, Tenant shall not be required to pay, remove or discharge any materialmen's or mechanic's lien or judgment against said demised premises so long as Tenant shall in good faith contest the same or the validity thereof by proper legal proceedings. Pending any such legal proceedings, Lessor shall not pay, remove or discharge such materialmen's or

mechanic's lien or judgment thereby contested.

c. Indemnify and save Lessor harmless of, from and against any and every claim, demand, action, cause of action, or charge, including reasonable attorneys' fees incurred by Lessor, arising out of or connected with or alleged to arise out of or to be connected with any act or omission of Tenant, or any agent, employee, contractor or subcontractor of Tenant in or about said demised premises.

d. Procure, or cause its general contractor to procure, before entering onto said demised premises, and maintain in full force until all work for and of said construction is fully completed: (i) a policy of comprehensive general liability insurance written by a company licensed to do business in Minnesota, indemnifying Lessor (as an additional insured) against liability for injury arising out of or in any way connected with, or alleged to arise out of or in any way be connected with any said work, with limits of liability not less than \$1,000,000.00 for each occurrence of injury or death to one or more than one person, and \$300,000.00 with respect to each occurrence of damage to property; (ii) such workmen's compensation or other insurance as may be required by the laws of Minnesota, fully protecting Lessor; and (iii) a policy of so-called "Builder's Risk - Completed Value Basis" with a limit of coverage equal to 100% of the estimated value of the improvements at the time of completion, which policy shall be payable in case of loss to Tenant and the holder of any mortgage on this Lease. Upon written request, Tenant shall provide to Lessor a certificate of the insurance in (i) or (ii), which certificate

shall state that said insurance may not be cancelled or the coverage changed without thirty (30) days' prior written notice to Lessor.

5.2 Certificate of Completion. Tenant's work in construction of the Hotel shall be deemed complete at such time as Tenant is issued a certificate of completion, in accordance with said Development Agreement.

ARTICLE VI

6.1 Tenant to Pay for Utilities. Tenant shall fully and promptly pay when due all utility charges for all services furnished to the Hotel during the full term of this Lease, including without limitation, water, gas, electricity and sewage disposal; provided, however, Tenant shall not be responsible for any sewer availability charge waived under said Development Agreement.

6.2 Tenant May Enlarge, etc. Tenant, at any time or times after the issuance of the certificate of completion and during the term of this Lease, may construct any addition to the Hotel, or may alter, enlarge, remodel or extend the same, provided such construction, alteration, enlargement, remodeling or extension is done in accordance with the conditions of this Lease. Tenant at any time or times during the term of this Lease may alter, enlarge, remodel or extend any facilities on the roof of the Ramp, or may add new facilities, which are approved by Lessor, which approval shall not be unreasonably withheld. Lessor shall initially construct the Ramp in accordance with the Development Agreement.

6.3 Repair or Rebuilding of Structures. Whenever and so often as Tenant shall construct an addition to or alter, enlarge, remodel or extend the Hotel or any improvement on said roof, Tenant shall in each instance fully comply with the provisions contained in subparagraphs a. through d. of Paragraph 5.1 hereof.

6.4 Tenant to Indemnify Lessor. Tenant shall keep the Hotel and all facilities on said roof in good repair and safe condition, and in full compliance with all laws, ordinances and regulations from time to time affecting the same, including all boilers and elevators (other than elevators which are a part of the Ramp), and shall indemnify and save Lessor harmless against each and every claim, demand, action, cause of action and charge, including cost and reasonable attorneys' fees incurred by Lessor, and arising out of or in any way connected with, or alleged to arise out of or in any way be connected with, the failure of Tenant to keep any of the foregoing in all respects as herein provided.

6.5 General Liability Insurance. During the entire term of this Lease, Tenant shall obtain and keep in full force and effect at its sole expense a policy of comprehensive public liability insurance with respect to said demised premises, with a responsible casualty or indemnity company licensed to do business in Minnesota, under which policy Lessor shall be named as an additional insured, and with limits of liability not less than \$1,000,000.00 for each occurrence of injury or death to one or more than one person and \$300,000.00 with respect to damage to property. Tenant shall also place and carry boiler insurance with such a

casualty or indemnity company in an amount not less than \$100,000.00 loss per accident. Upon request, Tenant shall provide Lessor with a certificate of said insurance, containing a provision that the policy or policies may not be cancelled or changed in coverage without thirty (30) days' prior notice.

6.6 Fire Insurance. Tenant shall keep the Hotel and the improvements on said roof and other improvements constructed, erected or made by Tenant upon said demised premises, insured under a standard form of fire insurance policy, with full extended coverage endorsement added, as from time to time issued in Minnesota, with coverage equal to not less than eighty percent (80%) of the full replacement value of the Hotel and said improvements. Said policy shall be payable in case of loss to Tenant and the holder of any mortgage on the demised premises. In case of loss or damage from any of the hazards covered by said policy, Tenant and/or the holder of any mortgage on the demised premises or on the Hotel shall be entitled to receive the entire proceeds, to be used as herein provided.

6.7 Damage Not to Terminate Lease. Should the Hotel be damaged or destroyed by any cause, such damage or destruction shall not effect a cancellation or termination of this Lease.

6.8 Rebuilding After Destruction. In case the Hotel or any improvement on the roof of the Ramp shall be injured or destroyed by fire or other casualty which is a risk insured by the insurance referred to in Paragraph 6.6 hereof, Tenant, as soon as possible after the date of such injury or

destruction, shall commence to repair, restore or rebuild said Hotel or improvement unless Tenant shall be required by the terms of any mortgage on the demised premises to pay over all or any portion of the proceeds of the insurance referred to in Paragraph 6.6 hereof. In the event said mortgage so provides, then Tenant shall have no obligation except as set forth therein. In the event such injury or destruction shall take place during the last ten (10) years of the initial term of this Lease, or during either the first (1st) or second (2nd) extended term of this Lease, then Tenant shall have no duty to repair, restore or rebuild as aforesaid (unless so required by said mortgage) and the proceeds of said insurance shall be payable to Tenant and any holder of said mortgage, all in accordance with said mortgage. Provided, however, Tenant shall not, in any event, leave the Hotel Parcel in a dangerous, hazardous or unsightly condition following any such injury or destruction; and, provided further, in the event the roof of the Ramp still exists following any substantial injury or destruction to an improvement thereon so that the same is not usable, Tenant shall, at Lessor's request, remove what remains of the injured or destroyed improvement.

Notwithstanding the foregoing, in the event that the Hotel be rendered substantially unusable by a said fire or other casualty and neither Tenant nor the holder of any mortgage on this Lease, within three (3) years following the date of a said fire or other casualty, shall have commenced to restore or rebuild the Hotel, then Tenant shall be deemed to be in breach hereunder and Lessor shall have the right to terminate this Lease, in accordance with Paragraph 8.1 hereof, and subject to the provisions of Paragraph 7.5 hereof.

ARTICLE VII

7.1 Subleasing and Assignment. Tenant's right, prior to issuance of said certificate of completion, to sublease all or any portion of the Hotel; to assign this Lease and to grant concessions and licenses shall be governed by said Development Agreement. Provided, however, notwithstanding any prohibition on assignment without Lessor's approval (prior to completion) contained in said Development Agreement, Tenant shall have the right, without said consent, to assign this Lease as additional security to any construction or permanent lender. Tenant shall, subsequent to the time it is entitled to the issuance of the said certificate of completion, have the unrestricted right to sublet all or any part of the Hotel and/or tennis courts and roof facilities, or to assign this Lease and Tenant's interest hereunder to any party, without the consent of Lessor.

7.2 Mortgage of Tenant's Interest. Tenant shall have the unrestricted right to mortgage Tenant's leasehold interest subject, however, to the limitations hereof.

7.3 Lessor Not to Mortgage, etc. Lessor shall not to any extent encumber the fee title to the Hotel Parcel by mortgage, deed of trust or like security instrument, and shall allow no other lien or encumbrance to attach thereto. In the event any such lien or encumbrance shall exist, Tenant shall have the right, but not the obligation, to remove the same and deduct the cost of such removal, including reasonable attorney's fees, from the rent next due hereunder or (at Tenant's option) from the purchase price to be paid upon a purchase of the Hotel Parcel after

exercise of the purchase option, pursuant to Paragraph 1.5 hereof.

Lessor shall continuously, for so long as the Ramp shall stand, use the land at the corner of Grant Street and the Nicollet Mall as a public open space, shall maintain the same and the landscaping thereon in an attractive manner, and shall not change any aspect thereof, or any improvement or decoration, such as sculpture or other ammenity thereon, without the consent of Tenant, which consent shall not be unreasonably withheld.

7.4 Notice of Leasehold Mortgage. No holder of a mortgage on this Lease shall have the rights or benefits set forth in this Article, nor shall the provisions of this Article be binding upon Lessor, unless and until the name and address of said holder shall have been delivered to Lessor.

7.5 Notice of Default to Mortgagee and Cure, etc. Following the issuance of a said certificate of completion:

a. Lessor, upon notifying Tenant of any default pursuant to the provisions of Paragraph 8.1 hereof or pursuant to any other notice under this Lease, shall also serve a copy of said notice upon the holder of any mortgage on this Lease, and no notice by Lessor to Tenant hereunder shall be deemed to have been duly given unless and until said holder has been so notified.

b. Any said holder, in the event Tenant shall be in default hereunder, shall, within the period and otherwise as herein provided, have the right to remedy such default, or cause the same to be remedied, and

Lessor shall accept such remedy or performance by or at the instance of said holder as if the same had been made by Tenant.

c. For the purposes of this Article, no event of default shall be deemed to exist under Paragraph 8.1 hereof in respect of acts to be done, or of conditions to be remedied, if steps shall, in good faith, have been commenced within the time permitted therefor to cure the same and shall be prosecuted to completion diligently and continuously as in said Paragraph 8.1 provided.

7.6 Mortgagee's Right to Extend. In the event Tenant shall fail or refuse to extend this Lease for a first (1st) or second (2nd) extended term by failing or refusing to exercise either right and option under Paragraph 1.4 hereof, the holder of a mortgage on this Lease or on Tenant's leasehold interest shall have the right and option, upon written request given to Lessor, to obtain from Lessor a new lease for said demised premises, together with a grant of the appurtenant easements, for the applicable extended term in accordance with and upon the following terms and conditions:

Said holder shall give said request not later than the ninetieth (90th) day after the expiration of the time for exercise by Tenant of the option for the applicable extended term, and on the one hundred twentieth (120th) day after said expiration, Lessor and said holder, or said holder's designee or nominee, shall enter into a new lease for said demised premises. Said new lease shall be entered into at the reasonable cost and expense of the tenant thereunder, shall be

effective as of the date of termination of the then current term of this Lease and shall be at the rent and upon all the terms, conditions and covenants herein contained, including the right to purchase and any right to any further extended term.

In the event more than one holder of a mortgage on this Lease shall make a said request for a new lease, then, of the requesting holders, only the holder of the mortgage having priority (or its designee or nominee) shall be entitled to a said new lease; and the requests received from other holders shall be of no force or effect and shall not be honored by Lessor. Priority under the preceding sentence shall be determined by recording date, unless there is an agreement of record altering the priority of mortgages on this Lease as established by recording date, in which event the priorities established in said agreement shall control.

7.7 Mortgagee's Consent to Modification Required. No agreement between Lessor and Tenant modifying, cancelling, amending or surrendering this Lease shall be effective without the prior written consent of the holder of each mortgage on this Lease. A termination pursuant to Section 8.1 hereof shall not be deemed an agreement between Lessor and Tenant cancelling or surrendering this Lease.

7.8 Release of Mortgagee from Continuing Liability. Following the issuance of a certificate of completion, if the holder of any mortgage on this Lease shall acquire title to Tenant's interest in this Lease, by foreclosure of a mortgage thereon or by assignment or conveyance in lieu of foreclosure or if said holder shall acquire the tenant's interest under a new lease pursuant to Paragraph 7.6 hereof,

said holder may assign said title, this Lease or said new lease and shall thereupon be released from all liability for the performance or observance of the terms, covenants and conditions hereunder or in said new lease contained and on tenant's part to be performed and observed from and after the date of such assignment, provided that Lessor shall receive notice of such assignment, together with the name and address of the assignee.

7.9 Estoppel Certificate from Lessor. Upon Tenant's written request, Lessor shall provide to any lender who has issued a commitment for permanent or construction financing of the Hotel, to the holder of any mortgage on this Lease, or to the assignee of any said holder, Lessor's written certificate, in recordable form, stating:

a. This Lease (and specified modifications or amendments, if any) constitute the entire lease agreement and that this Lease is in full force and effect;

b. That no notice has been sent to Tenant of any default, which default has not been cured (or, if such is not the case, the nature of any alleged default).

The preparation and recording of said certificate shall be at the sole expense of Tenant.

7.10 Modifications Required by Mortgagee. It is Tenant's intention to mortgage this Lease in order to secure financing to construct the Hotel. Consequently, Tenant may notify Lessor of any request for the amendment or modification of this Lease (to remove or change any term, condition or covenant herein contained, or to add any new term, condition or covenant) made by lender who has issued the temporary or permanent financing commitment for construction of

the Hotel, which amendment or modification is a condition precedent to the closing of any said financing. In the event Lessor shall consent to said requested amendment or modification, which consent shall not be unreasonably withheld, the parties shall amend this Lease, by a recordable amendment. Provided, however, Lessor shall not be required to consent to a change in rent due hereunder, or the term of this Lease; but provided further, should any law governing said lender in said financing require a longer minimum term than herein provided in order to make this Lease legal security for the loan to be made, then Lessor shall not withhold consent to amend this Lease, to provide for said required minimum term.

7.11 Subordination of Lessor's Interest. Lessor does hereby subordinate fee title to said demised premises to any mortgage on this Lease or Tenant's interest hereunder which meets the requirements of subparagraph a. of Paragraph 7.12 hereof; and said fee title to said demised premises is and shall be subordinate and subject to any mortgage on this Lease which meets said requirements. Said fee title, together with the easements appurtenant to said demised premises (as perpetual easements), shall, upon foreclosure of any mortgage on this Lease meeting said requirements, pass to the party acquiring title to this Lease upon such foreclosure. Lessor shall execute a subordination agreement, substantially in the form of Exhibit C, attached hereto and by this reference incorporated herein. Lessor shall not be required to execute any instrument which would obligate Lessor for the payment of any indebtedness secured by said mortgage.

7.12 Conditions of Subordination. The subordination set forth in the foregoing Paragraph shall be on the following terms and conditions:

a. Said mortgage shall be a first lien (including any refinancing secured by a first lien) on this Lease in favor of a responsible lender and must secure a debt which is fully payable within the term of this Lease, or within any extended term, if the option to extend has been exercised. Said mortgage may, at Tenant's election, also secure advances made for the acquisition of furniture, fixtures and equipment for the Hotel and for the roof of the Ramp.

b. Tenant shall furnish to Lessor an accurate copy of the mortgage, deed of trust or security instrument and the note or notes secured thereby, and all other instruments required by the lender.

7.13 In the event Lessor shall have been given a notice of the intention of any holder of a mortgage on this Lease to foreclose said mortgage, Lessor shall have the right to enter upon said demised premises to the extent required to cure any default (other than a default only in the payment of money) giving rise to such notice; provided, however, such right shall extend only for the period during which Tenant is entitled to cure such a default and shall not constitute a termination of this Lease or of Tenant's right to possession of said demised premises.

7.14 Remedies Separate. The holder of any mortgage on this Lease may, at its option, exercise its rights under Paragraph 7.5 hereunder, or under said mortgage; and the election by said holder to pursue a right under Paragraph

7.5 hereof in any one instance shall not be deemed a waiver of any right it shall have under said mortgage in such instance, or in any other instance. Nor shall the election by said holder of its right to pursue any remedy, including foreclosure, under said mortgage, be a waiver of any right of which said holder is the beneficiary hereunder.

ARTICLE VIII

8.1 Default. In the event Tenant shall violate, fail to perform or be in breach of a covenant to pay rent or any other amount due hereunder or any other term, condition or covenant hereof or of said Development Agreement and shall fail to pay or to cure such violation, nonperformance or breach within sixty (60) days (unless a shorter period is provided in the Development Agreement) after being given notice by Lessor of such violation, nonperformance or breach, then Lessor may, subject to the provisions of the subordination agreement and of Article VII hereof, reenter said demised premises and terminate this Lease. Provided, however, with respect to other than a failure to pay rent, if Tenant shall, within said sixty (60) day (or said shorter) period, take steps to cure such violation, nonperformance or breach and such violation, nonperformance or breach cannot reasonably be cured within said sixty (60) day (or said shorter) period, then Lessor shall have no right to reenter or terminate this Lease so long as Tenant diligently and continuously prosecutes such cure to completion.

In the event Lessor shall violate, fail to perform or be in breach of any term, condition or covenant hereof or of said Development Agreement and shall fail to cure such violation, nonperformance or breach within sixty (60) days

after being given notice of such violation, nonperformance or breach, then Tenant shall have the right to pursue any remedy provided herein and the right, with the consent of the holder of any mortgage on this Lease, to terminate this Lease. In said event, Tenant shall have the further right to cure such violation, nonperformance or breach and deduct the cost of such cure, including reasonable attorney's fees, from the rent next due hereunder or, at its option, from the purchase price payable upon exercise of the purchase option set forth in Paragraph 1.5 hereof.

8.2 No Election of Remedy. No remedy provided to Lessor or Tenant hereunder or under said Development Agreement shall be deemed an exclusive remedy and the election by Lessor or Tenant of any such remedy shall not bar Lessor or Tenant from pursuing any other remedy, for damages or otherwise, whether available to either party hereunder, or existing at law or in equity. Nothing set forth in this Lease shall, prior to the issuance of a certificate of completion, limit any remedy of Lessor existing under the Development Agreement.

8.3 Lessor's Right to the Hotel, etc. At the expiration of the (initial or extended) term of this Lease or any new lease entered into pursuant to Paragraph 7.6 hereof, or at any earlier termination (other than a termination upon closing of the purchase of the Hotel Parcel, following exercise of said purchase option) of this Lease or of any said new lease, all buildings, structures and other improvements then part of the Hotel Parcel or located on the roof of the Ramp shall become the sole property of Lessor and title thereto shall vest in Lessor. Until said expiration

or earlier termination, title to the Hotel and all other improvements constructed by Tenant, on the Hotel Parcel and on the roof of the Ramp, shall belong to Tenant.

8.4 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed given when personally delivered to an officer of Tenant, if Tenant is a corporation, or to a partner of Tenant, if Tenant is a partnership, or when mailed first class, postage prepaid, registered or certified mail, return receipt requested, to Tenant at the address of its home office, first above written, with a copy, likewise mailed, to Messrs. Leonard, Street and Deinard, 1200 National City Bank Bldg., Minneapolis, Minnesota 55402, Attention: Harold D. Field. Said notices shall be deemed given to Lessor when personally delivered to the Clerk of the City of Minneapolis, or when mailed first class, postage prepaid, registered or certified mail, return receipt requested, to the City of Minneapolis, Minneapolis City Hall, Minneapolis, Minnesota 55415, Attention: Director, Development Marketing. Said notices shall be deemed given or served upon the holder of any mortgage on this Lease when personally served on an officer of said holder, or when mailed, in the manner aforesaid, to said holder at its address given pursuant to Paragraph 7.4 hereof or which is of record. Lessor, Tenant or any said holder, by proper notice hereunder given to each of the others, may change its address for notice hereunder. In the event Tenant shall assign its interest hereunder, or in the event any said holder, or nominee or designee of a said holder shall become Tenant hereunder, or tenant under any new lease entered into pursuant to Paragraph 7.6 hereof, then the address for mailed notice to Tenant hereunder or tenant

thereunder shall be such address as is shown of record for said assignee, holder, nominee or designee, or such address of which the notice-giving party has been notified, if no address is of record.

8.5 Captions. The captions and headings herein are for convenience and reference only and do not limit or construe the provisions hereof.

8.6 Severability. If any term, condition or covenant of this Lease, or the application thereof to any circumstance shall, to any extent, be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this Lease shall not be affected by such holding, and the remaining terms, conditions and covenants hereof shall continue in full force and effect.

8.7 Force Majeure. The time within which Lessor, Tenant or the holder of any said mortgage shall be required to perform any act or acts under this Lease or under the Development Agreement, and without regard to any schedule set forth in the Development Agreement, except for payment of money, shall be extended to the extent that the performance of such act or acts shall be delayed by acts of God, fire, windstorm, flood, explosion, collapse of structures, riot, war, labor delays or disputes, delay or restriction by governmental authority, inability to obtain or use necessary material, or any cause beyond the reasonable control of the affected party, provided, however, that the person or entity entitled to such extension hereunder shall give notice to each of the others of the occurrence causing said delay.

8.8 Amendment. This Lease may not be amended, modified or supplemented except by a writing, executed by the party against whom such amendment, modification or supplement is sought to be enforced.

8.9 No Continuing Waiver. No waiver of any term, condition or covenant hereof or delay in the enforcement of any remedies hereunder in any one instance shall be deemed to be either (i) a waiver of any other term, condition or covenant hereof in such instance, or (ii) a waiver of such waived or delayed term, condition, covenant or remedy in any other instance.

8.10 Minnesota Law; Conflict with Development Agreement, etc. The validity, interpretation, construction, performance and enforcement of this Lease shall be determined by the laws of the State of Minnesota. In the event that any term, condition or covenant hereof, or the interpretation, construction, performance or enforcement of this Lease shall be in conflict with any term, condition or covenant of said Development Agreement, then this Lease shall control. And in the event that, following the execution of any subordination agreement, any term, condition or covenant of this Lease, or the interpretation, construction, performance or enforcement hereof shall be in conflict with any term, condition or covenant of said subordination agreement, then said subordination agreement shall control.

8.11 No Joint Venture. The Lessor and Tenant are neither joint venturers, partners nor principal and agent and their relationship is solely that of landlord and tenant. The provisions of this Lease in regard to the payment

by Tenant and the acceptance by Lessor of rent determined by reference to operating income is only a reservation of rent for the use of said demised premises.

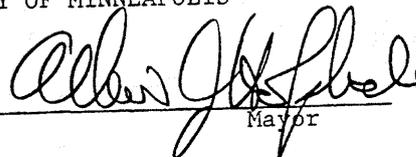
8.12 Mortgagee Is Beneficiary. The holder of any mortgage on this Lease shall be a third party beneficiary of all rights herein created for said holder.

8.13 Binding. All of the terms, conditions and covenants of this Lease shall be construed as covenants running with the Hotel Parcel, the Ramp Parcel and Outlot B and shall inure to the benefit of and be binding upon the parties hereto and upon their respective successors and assigns. Each easement set forth in Paragraph 1.1 hereof shall be for the benefit of the Hotel Parcel, and shall burden the land subject to each said easement.

IN WITNESS WHEREOF, the parties have executed this instrument as of the day and year first above written.

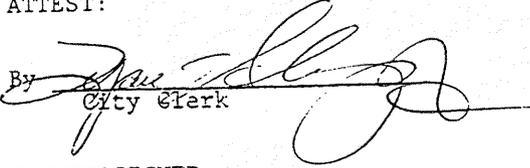
CITY OF MINNEAPOLIS

By


Mayor

LESSOR

ATTEST:

By 
City Clerk

COUNTERSIGNED

By Mary Des Roches
City Comptroller/
Treasurer

APPROVED AS TO LEGALITY
DATE 9/26/78
Barbara H. Linn
ASST. CITY ATTORNEY

EXHIBIT A

All of Lot 1, Block 5 and Outlot C, and that part of Lot 1, Block 6 which lies Northeasterly of the following described line to wit: Beginning at a point on the Easterly line of said Lot 1, Block 6, distant 97.00 feet Northerly of the Southeasterly corner of said Lot 1, Block 6, as measured along said Easterly line thereof; thence Northwesterly to a point in the Northwesterly line of said Lot 1, Block 6, said point being 39.00 feet Southwesterly of the most Northerly corner of said Lot 1, Block 6, as measured along the Northwesterly line of said Lot 1, Block 6, and there terminating, all in LORING PARK DEVELOPMENT FIRST ADDITION, according to the plat on file and of record in the office of the County Recorder, Hennepin County, Minnesota.

EXHIBIT B

That part of Lot 1, Block 6, LORING PARK DEVELOPMENT FIRST ADDITION, according to the plat on file and of record in the office of the County Recorder, Hennepin County, Minnesota, lying Southwesterly of the following described line to wit: Beginning at a point on the Easterly line of said Lot 1, distant 97.00 feet Northerly of the Southeasterly corner of said Lot 1, as measured along said Easterly line thereof; thence Northwesterly to a point in the Northwesterly line of said Lot 1, said point being 39.00 feet Southwesterly of the most Northerly corner of said Lot 1, as measured along the Northwesterly line of said Lot 1, and there terminating.

EXHIBIT C

SUBORDINATION AGREEMENT

THIS AGREEMENT, made and entered into this 25th day of September, 1978, by and between the City of Minneapolis (hereinafter called the "City") and _____ (hereinafter called the "Lender").

Recitals

A. The City entered into a certain Contract for the Lease and Development of Certain Land in Development District No. 51 (Loring Park) dated January 11, 1978 (the "Development Agreement") with Mart Plaza Hotel, Inc., a Minnesota corporation ("Tenant"), whereby the City agreed to demise the premises described in Exhibit A attached hereto and made a part hereof (the "Premises") to Tenant and Tenant agreed to construct a hotel and related facilities thereon (the "Improvements"), which Improvements shall be owned by Tenant.

B. Pursuant to the Development Agreement, the City and Tenant have executed and delivered to each other a Ground Lease for the Premises, which Ground Lease (the "Ground Lease") is recorded in the office of the County Recorder in and for Hennepin County and in the office of the Registrar of Titles in and for said County. To secure performance of Tenant's obligations under the Development Agreement, the City will retain certain reentry and other rights to the Premises, and will have a remainder right under the Ground Lease, all as more fully set forth in the Development Agreement and in the Ground Lease.

C. The Lender has agreed to lend a principal sum not exceeding \$ _____ (herein called the "Loan") to Tenant pursuant to a loan agreement dated _____, 19____ between Tenant and Lender (said loan agreement, as the same may from time to time be modified, amended or supplemented, herein called the "Loan Agreement"). The Loan is secured by a mortgage lien on Tenant's leasehold interest in the Premises, pursuant to a certain Mortgage dated _____, which Mortgage is to be recorded in the office of the County Recorder in and for Hennepin County, Minnesota and in the office of the Registrar of Titles in and for said County (said Mortgage, as the same may from time to time be modified, amended or supplemented, herein called "Lender's Mortgage").

D. As a condition to making the Loan, the Lender has required the execution of this Agreement and the City has agreed to do so under the Development Agreement and the Ground Lease.

NOW, THEREFORE, in consideration of the foregoing, the City and the Lender hereby agree with each other as follows:

1. The City acknowledges receipt of a copy of Lender's Mortgage and the Loan Agreement and acknowledges that Lender's Mortgage and Loan are authorized and approved under the

Development Agreement and the Ground Lease.

2. Subject to the provisions hereof, the City agrees that all its right, title and interest in and to the Premises and all its rights and interests under the Development Agreement and the Ground Lease, including, but not limited to, the City's right of reentry to the Premises and its remainder interest, are hereby made, are and shall be fully subordinate and subject to Lender's Mortgage and to any other lien or security interest at any time hereafter given to or acquired by the Lender in the Premises and the Improvements to secure any sum advanced under the Loan Agreement.

3. Subject to the limitations set forth herein, Lender shall have all the rights afforded to it in Lender's Mortgage, as fully as if the City had joined in or executed Lender's Mortgage.

4. This Paragraph 4 shall apply only prior to the time at which a certificate of completion is issued, in accordance with the provisions of the Development Agreement. Until such time, and in any case of default by Tenant in the construction of the Improvements, as such a case of default is set forth in the Loan Agreement or in Lender's Mortgage, Lender shall, before it exercises its said right to accelerate or its option to foreclose, give notice to the City of its intention so to accelerate, to foreclose, or to do both. Thereafter, without limiting Lender's said right or said option, Lender, or any assignee or successor of Lender as the holder of Lender's Mortgage, or any holder of a sheriff's certificate arising as a result of such foreclosure, shall have the right, but not the obligation, to complete the Improvements in accordance with the Development Agreement. In the event that, within six months following the giving of said notice of intention to the City, Lender, or any said holder of Lender's Mortgage or of a said sheriff's certificate, shall not have entered into an agreement satisfactory to City for completion of the Improvements, or if such an agreement has been entered into and Lender or said holder has not proceeded diligently to complete construction of the Improvements, the City shall have the right, but not the obligation, to purchase the Loan by paying to the Lender or to said holder an amount equal to the sum of the following:

a. The unpaid mortgage debt (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings).

b. All legal costs and charges of such foreclosure, including reasonable attorneys' fees, as permitted by law.

c. The net expenses, if any (exclusive of general overhead), incurred by Lender or said holder as a direct result of the subsequent management of the Improvements.

d. The costs of any Improvements made by Lender or said holder.

Upon payment of an amount equal to said sum, the City shall be entitled to a conveyance by quit claim deed from Lender or said holder of all Lender's or said holder's right, title and interest in and to the Premises, which Lender or said holder shall promptly so convey.

5. This Paragraph 5 shall apply only prior to the time at which a certificate of completion is issued, in accordance with the provisions of the Development Agreement. The City acknowledges and agrees that the Lender or said holder of the Lender's Mortgage or of said sheriff's certificate has no obligation to complete the Improvements; provided, however, that if the Lender or a said holder elects to complete the Improvements, either before or after foreclosure, then Lender or a said holder agrees that it may not alter in any material way the exterior structure or the configuration of the Improvements or otherwise devote the Premises to any use inconsistent with the Development Plan for said Development District (which Development Plan is described in the Development Agreement) without the prior approval of the City.

6. Lender agrees that, before it exercises its right to commence a foreclosure of Lender's Mortgage on the Premises, it shall, not less than thirty days prior to said commencement, give the City notice of its intention to foreclose. Following the giving of such notice, the City shall have the right to cure any existing default, and the Lender shall not commence a foreclosure during said 30-day period; provided, however, that the City's right to cure shall expire at the end of said 30-day period.

7. Except as expressly set forth in this Agreement, Lender shall have no obligation to the City of any kind whatsoever with respect to the Loan and Lender may administer the Loan in any manner it deems appropriate. The Lender may from time to time extend, modify, amend, supplement, suspend, revoke, rescind, change or terminate the provisions of the Loan Agreement, the Lender's Mortgage, the note evidencing the Loan, and any other document issued to the Lender in connection therewith, without notice to or consent of the City, and without affecting or impairing the rights and interests of the Lender under this Agreement, provided that no such change, amendment or modification shall alter the essential purpose for which the Loan is to have been made under the original Loan Agreement and provided further that the Lender shall send to the City a copy of any written amendment, modification or supplement to the Loan Agreement or the Lender's Mortgage, however, any delay by the Lender in sending such a copy to the City or any failure of the Lender to send such a copy to the City shall not in any way affect or impair any right and interest of the Lender under this Agreement.

8. Lender agrees and acknowledges that the City shall have no liability under any note or other evidence of indebtedness secured by Lender's Mortgage and that the City shall have no obligation to perform any affirmative covenant or obligation of the Loan Agreement or of Lender's Mortgage.

9. The City represents to the Lender and agrees as follows:

a. The making, delivery and performance of this Agreement have been duly authorized by all necessary action and this Agreement, when executed, shall be the valid and binding obligation of the City, enforceable in accordance with its terms.

b. The City has taken all necessary action to create and establish the Loring Park Development District.

c. The Improvements are permitted by said Development Plan and the Improvements and the contemplated use thereof are permitted by the zoning for the Premises.

d. The City believes that it has taken all steps reasonably necessary to assure that said Development Plan is in compliance with current applicable environmental laws and regulations.

e. The making, delivery and performance of the Development Agreement and the Ground Lease have been duly authorized by the City, and are valid and binding obligations of the City.

10. The City further agrees that upon the commencement of any action, proceeding or lawsuit challenging the construction of the Improvements, the City will cooperate with Tenant and the Lender in defending such action, proceeding or lawsuit to the extent not prohibited by law.

11. To the extent that any provision of the Development Agreement or the Ground Lease is inconsistent with a provision of this Agreement, this Agreement shall govern.

12. All documents to be sent by the City pursuant hereto and all notices to be given to the City pursuant to Paragraphs 4 and 6 shall be in writing and shall be deemed given when personally delivered to the Clerk of the City of Minneapolis, or when mailed, first class mail, postage prepaid, certified or registered mail, addressed as follows:

City of Minneapolis
Attention: Director, Development Marketing
Minneapolis City Hall
Minneapolis, Minnesota 55415

EXHIBIT A

All of Lot 1, Block 5 and Outlot C, and that part of Lot 1, Block 6 which lies Northeasterly of the following described line to wit: Beginning at a point on the Easterly line of said Lot 1, Block 6, distant 97.00 feet Northerly of the Southeasterly corner of said Lot 1, Block 6, as measured along said Easterly line thereof; thence Northwesterly to a point in the Northwesterly line of said Lot 1, Block 6, said point being 39.00 feet Southwesterly of the most Northerly corner of said Lot 1, Block 6, as measured along the Northwesterly line of said Lot 1, Block 6, and there terminating, all in LORING PARK DEVELOPMENT FIRST ADDITION, according to the plat on file and of record in the office of the County Recorder, Hennepin County, Minnesota (hereinafter, "the Hotel Parcel"), together with the following easement rights:

a. The right to encroach onto Outlot B, Loring Park First Addition, for the piers, foundations, columns and footings of the most northerly wall of the Improvements, for so long as the Improvements shall stand and as the same may be altered, modified or reconstructed from time to time.

b. The exclusive rights (i) to encroach onto that part of Lot 1, Block 6, Loring Park First Addition which lies Southwesterly of the following described line, to wit: Beginning at a point on the Easterly line of said Lot 1, Block 6, distant 97.00 feet Northerly of the Southeasterly corner of said Lot 1, Block 6, as measured along said Easterly line thereof; thence Northwesterly to a point in the Northwesterly line of said Lot 1, Block 6, said point being 39.00 feet Southwesterly of the most Northerly corner of said Lot 1, Block 6, as measured along the Northwesterly line of said Lot 1, Block 6, and there terminating (hereinafter, "the Ramp Parcel") for the piers, foundations, columns, and footings of the southwesterly wall of the

Improvements (which may be common with or separate from the piers, foundations, columns or footings for the northeasterly wall of the improvements on the Ramp Parcel, hereinafter, "the Ramp"), and for any other building component or building element of the Improvements which may overhang or encroach unto the Ramp Parcel, from time to time, including without limitation, the flashings, cornices, fascia, mechanical equipment, pipes or drains of the Improvements, for so long as the Improvements shall stand and as the same may be altered, modified or reconstructed from time to time, and (ii) to connect, embed or insert and maintain any said component or element to or into the northeasterly wall of the Ramp, for so long as the Ramp and any alteration, modification or reconstruction thereof shall stand and the structural integrity thereof is not impaired. The right created in (ii) is not an easement of support in the Ramp for the benefit of the Hotel Parcel.

c. The non-exclusive right, for so long as the Improvements shall stand, as the same may be altered, modified or reconstructed from time to time, for all patrons, customers, guests, employees, agents and business invitees at the hotel and related facilities which are a part of the Improvements (hereinafter, collectively, "Hotel Guests") and their motor vehicles to use and to pass over, across and upon all driveways which are existing from time to time on the Ramp Parcel, without hindrance, limitation or restriction, in order to have free ingress and egress from, to and between the Improvements, the Ramp, Grant Street and LaSalle Avenue, or the public streets replacing Grant Street and LaSalle Avenue, by whatever name called.

d. The non-exclusive right for Hotel Guests to use and to pass over, across and upon all public hallways, corridors, stairways and stairwells of the Ramp; all public passages

between the Ramp and the Improvements; all public elevator lobbies connecting the Ramp and the Improvements; and other public areas as shall be constructed or which are existing from time to time in the Ramp, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, and the right to use all public elevators, escalators or other means provided for elevation to the roof thereof, all without hindrance, limitation or restriction (except as herein provided), in order to have free ingress and egress from, to and between the Improvements, the Ramp and the roof of the Ramp. Nothing in the subparagraph d. shall limit the right of the City to impose such restrictions on pedestrian use of the Ramp public areas as may reasonably be required for safety and for security purposes.

e. The exclusive right for any tenant of the Improvements, its agents and employees to enter upon the Ramp, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, and onto the Ramp Parcel without hindrance, limitation or restriction, except as herein provided, when necessary in order to maintain, repair, alter, reconstruct or modify (i) any building component or building element of the Improvements (as the same may be altered, modified or reconstructed from time to time) including, without limitation, their structural parts, their elevators, and their foundations, and (ii) any tennis or other facility located on the roof of the Ramp (as the same may be altered, modified or reconstructed from time to time). The right set forth in this subparagraph e. does not include the right to park or store motor vehicles, without charge, except as needed for said maintenance, repair, alteration, reconstruction or modification. Any said entry upon the Ramp or Ramp Parcel shall be in a manner which does

no damage or injury to the Ramp and does not unreasonably interfere with business at the Ramp or with the customers, employees, agents and business invitees at the Ramp, and each entry, except for an emergency situation, shall be only upon thirty (30) days' prior notice, or more.

f. The exclusive rights, for so long as the Ramp shall stand, as the same may be altered, modified or reconstructed from time to time, (i) to use the roof of the Ramp and the air space over the Ramp to construct and maintain thereon tennis courts and/or other facilities, and (ii) to insert or embed into said roof and the Ramp and to maintain thereon or therein such anchors and other construction elements and fixtures as may be required for said tennis courts or facilities, including, without limitation, protective fencing, anchors for the surface of said tennis courts, canopies, awnings, other enclosures, mechanical and utility systems and equipment, lights, pipes and drains, so long as the structural integrity of the Ramp is not impaired.

g. The exclusive right to connect, embed or insert and maintain any tie, connection or other building component or building element of the Improvements into the elevated walkway structure over LaSalle Avenue, which structure shall abut the Improvements at approximately Outlot C, Loring Park Development First Addition, so long as the structural integrity of said walkway is not impaired.